



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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November 4, 1997

Certified Return Receipt Requested
P 074 976 611

Elaine J. Dorward-King
Director, Environmental Affairs
Kennecott Utah Copper Corporation
8315 West 3595 South
P.O. Box 6001
Magna, Utah 84044-6001

Re: Dry Fork Canyon Water Management Project and Secondary Tailings Pipeline Project, Kennecott Utah Copper Corporation (KUCC), Bingham Canyon Mine and Copperton Modernization Project, M/035/002 and M/035/011, Salt Lake County, Utah

Dear Ms. Dorward-King:

This letter is provided in reply to your response letters dated March 24, 1997 and April 4, 1997 regarding the above referenced permit amendments. We appreciate the opportunity we had to meet onsite with you and your staff on June 11, 1997 to observe the water management facilities associated with these project areas. As a result of our onsite inspections and meeting discussions, the Division has a better appreciation of the complexities of the water management system at the Kennecott mine. Because of the similarity in permitting requirements for these two projects, I am providing one letter of response which addresses each issue separately.

Dry Fork Canyon Water Management Project (M/035/002)

KUCC has provided supplemental information to support its position that the Dry Fork Water Management Project will have a continued long term use after mining operations cease. You state that the Dry Fork facilities will collect and distribute "clean" and/or "gray" water for immediate use in the Copperton Concentrator. Ultimately the water will be used as a source of culinary and/or irrigation water. You state that the ultimate use is *guaranteed* by the value of the water to be collected and distributed by the Dry Fork facilities. Your letter also states that several municipalities have expressed interest in the

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clean and gray water for culinary and irrigation purposes. KUCC believes that reclamation and bonding are not necessary for the Dry Fork facilities because of the substantial value of the water which will ensure their continued operation and proper maintenance.

Although it seems reasonable to assume that your projections for the continued use of the Dry Fork Water Management Facilities will occur, the fact remains that there are presently no contracts in place which demonstrate affirmatively that the continued use and long term maintenance of these facilities will occur. Therefore, until such a contract is in place which guarantees the long term continued use and maintenance of these facilities, the Division's position remains unchanged. The Division requests a detailed reclamation plan and bond for these facilities until mining operations cease or until a plan for continued use and long term maintenance is in place.

Secondary Tailings Pipeline (M/035/011)

KUCC believes that reclamation bonding for removal and reclamation of the second tailings pipeline is not necessary because the pipeline will remain indefinitely following closure of the mine. It is KUCC's opinion that bonding for continued long term maintenance of the tailings pipelines is also unnecessary because the pipeline will have a *non-mining related* use following mine closure, and at that time the Division's jurisdiction over these structures will end.

The Division's jurisdiction over a mining operation and associated facilities ends upon release of the reclamation bond and/or upon approval of a legitimate post mining land use for a specific mining related structure or facility. KUCC has presented a number of possible scenarios for the continued use of the second tailings pipeline to justify its position for not bonding for reclamation or long term maintenance of the structure. Given the variety of water sources presently being handled at the mine, it is reasonable to assume that some form of post-mining water management plan will be required which may result in the use of this second tailings pipeline.

However, it is the Division's position that reclamation and bonding will be required for this feature until such time as KUCC provides a plan and written contractual agreement from the party willing to accept, manage and maintain this facility following mine closure. Therefore, the Division again requests a detailed reclamation plan, an appropriate surety estimate and a revised bond for the Second Tailings Pipeline and the Dry Fork Water Management facilities. A formal permit amendment must be provided for the Tailings Pipeline addressing all pertinent sections of the minerals rules. The permitting process for the Dry Fork Canyon facilities amendment must

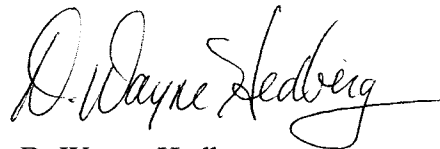
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also be completed. Please format the amendments so that they can (upon approval) be directly inserted as replacement pages into the existing approved permit applications.

Please provide the requested information to update your approved mining and reclamation plans for the respective permits within 45 days of your receipt of this letter. Thank you for your patience and cooperation in this regard. If you have questions or concerns with the requirements of this letter, please contact me at (801) 538-5286. If KUCC chooses to appeal this decision, you may file a written request seeking a meeting to discuss this matter before the Associate Director of Mining, Mary Ann Wright. Your request should be received within 10 working days of your receipt of this letter.

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb

cc: Lowell P. Braxton, DOGM
Mary Ann Wright, DOGM
Dan Moquin, AAG
Minerals staff (route)
M035002.amd